

DARJEELING – TEA or LOUNGE

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The dispute is on “DARJEELING” between Tea Board of India and ITC Limited. The Tea Board asserts exclusivity over “Darjeeling” and ITC maintains that there is more to “Darjeeling” than the tea that is grown there.

Tea Board is the registered owner of two sets of marks in connection with tea. One is the word “Darjeeling” and the other is a round device featuring profile of a lady holding two-leaves-and-a-bud and the word “Darjeeling” spelt out on the edge running from 9 o’clock to 12 o’clock. The word and device marks are independently registered as a geographical indication (GI) and as a Certification trademark. The Tea Board’s grievance is in naming of a section of ITC’s luxurious hotel (ITC Sonar) as the “**Darjeeling Lounge**”. It claims that the use of “Darjeeling” in the name of the exclusive lounge is an infringement and passing off of the claimant’s registration of “Darjeeling” geographical indication and the certification mark and also a dilution of the “Darjeeling” brand.

Tea Board filed a suit to restrain ITC from using or conducting or marketing in any manner or in any way carrying on its business at its hotel - ITC Sonar, by using in any manner whatsoever the name “Darjeeling Lounge” or any other name or mark or word which is phonetically or structurally similar or identical or deceptively similar to the registered geographical indication “DARJEELING”, the name and logo in the name of the Tea Board in any manner whatsoever and/or passing off or attempting to pass off its business or services so as to discredit the fame of DARJEELING Tea as a Geographical Indication and/or to mislead persons as to the nature of the beverages sold at ITC Sonar so as to allude a nexus with the registered geographical indication for the name DARJEELING or logo and to confuse person in any manner.

Under the application for interlocutory injunction, concerned with the existence of a prima facie case of the Tea Board against ITC based on the Trade Marks Act, 1999 (TM Act) and The Geographical Indications of Goods (Registration & Protection Act, 1999 (GI Act), ITC sought to cut the claim contending that grievances with respect to rights breached under the GI Act is only restricted to goods and not against any services. ITC wanted the GI Act to be understood as providing protection only to goods against goods and not having room enough to allow a complaint by a registered proprietor of a GI against any service. The argument put forth was that the GI Act seeks to protect indications with respect to goods only, identified on account of quality or reputation or other characteristics attributable to their geographical origin and cannot be extended to any services.

The Court looked through the provisions of the GI Act and also the Trade Marks Act with respect to certification marks as the complaint of the Tea Board also encompassed the violation of its rights under registered certification mark.

The Court, while observing that there would be a cause of action in an unauthorized use of a good's certification mark by any service provider, felt that in case of GI there could not be a complete exclusion of a cross category complaint in the face of the deeming provisions on use of a GI constituting unfair competition and an action for passing off. The use of "Darjeeling" by ITC is not in connection with any designation or presentation of good therefore the infringement as given in section 22(1) of the GI Act is not available to Tea Board, thus held the Court. Reading from section 22(2) on use of a registered GI in a manner constituting unfair competition including passing off, the Court also drew parallel with what passing off implies in trade mark law. The Court, while reiterating the factors on which an action of passing off would lie, did not find any exclusive nexus of "Darjeeling" with the product of Tea Board, and thereby concluded that the word "Darjeeling" could not be under Tea Board's exclusive use by virtue of its registration as a GI or as a certification mark.

Thus the Tea Board's application for interlocutory relief was dismissed with the learned Single Judge's (S.J.) finding that it failed to prove a strong prima facie case and also on the balance of convenience. An appeal was preferred against the above order.

The division bench (DB), with an observation on the scope of investigation in an appeal against a discretionary order like in an interim injunction, proceeded to determine whether the S.J. in the facts of the present case was justified in refusing the interim relief during the pendency of the suit. For this the Court tried to seek answer to the question that – whether by virtue of registrations under G.I. Act and TM Act, Tea Board can restrain ITC from naming one of its lounges in hotel as "DARJEELING LOUNGE" where tea is also served among other items, which is not necessarily from Darjeeling. The Court took into consideration the cited case laws and also the provisions on 'rights conferred' and 'nature of infringement' of Trademarks and Certification marks to compare them and opined that *infringement of the right conferred under Section 28 of the TM Act cannot have any application while alleging infringement of the rights conferred under Section 78 of the TM Act.*

Under the Trade Marks Act 1999, Sections 28 & 29 deals with Rights conferred by registration and Infringement of registered Trademarks respectively and Sections 75 and 78 deals with Infringement of Certification trademarks and Rights conferred by registration of Certification trademarks. The Court particularly deliberated upon the infringement by use of a registered trademark by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered [sec 29 (5)] only to observe that a corresponding provision is absent in sec 75 and hence the application of sec 29 against rights conferred under sec 75 is unfounded.

The Court, on the allegation of passing off, held that the plaintiff does not make any prima facie case as Tea Board is neither a trader of tea nor is it in the service of rendering hospitality therefore it is not its case that ITC, by naming one of its lounges as Darjeeling Lounge, is trying to proclaim as an agent or authorized representative of Tea Board. In the GI domain, the Court upheld the observation of the S.J. that GI Act which seeks to protect indications identified on account of quality or reputation or other characteristics attributable to their geographical origin with respect to goods only (tea), cannot be extended to any right over a geographical name (Darjeeling) as that may fall foul of the objects of the G.I. Act. Also the Court found it apparent that ITC in using the word DARJEELING does not falsely assert that it has right to certify that the tea served in the lounge is grown in Darjeeling.

The Court concluded the Tea Board's prima facie failure in proving violation of its registered certification trademark in terms of sec 75 of the TM Act as it had not registered its name as holder of the mark DARJEELING in respect of hotel business but for the purpose of certification of tea as one grown in Darjeeling where benefit of Sections 28 and 29 of the TM Act is not available.

The suit filed by Tea Board is pending before the High Court of Calcutta. Interestingly Intellectual Property Appellate Board (IPAB) is also set to hear this dispute after condoning delay in filing appeal by ITC.

ITC had filed an application to register "Darjeeling Lounge" under class 42, which was opposed by Tea Board. In the hearing, the Deputy Registrar held the application as abandoned due to non-compliance by ITC with the timeline, as provided under the statute, to file counterstatement to the opposition.

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Abhai Pandey is an attorney-at-law with over 16 years of Corporate and Intellectual Property Law practice in India. He has experience in advising and conducting IP contentious matters including trademark oppositions, cancellations, and other related proceedings before the Trademark Registry and the Intellectual Property Appellate Board. He is the lead member of the LEX ORBIS IP Practice IP Litigation and Enforcement department and has led many Anti-piracy and Anti-counterfeiting campaigns